

**MULTIMEDIA**



**UNIVERSITY**

**STUDENT ID NO**

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

**TRIMESTER 1, 2020/2021**

**DFA5014 – FINANCIAL ACCOUNTING 1**

( For Diploma Students Only )

26 OCTOBER 2020

9.00 a.m - 12.00 p.m

(3 Hours)

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### INSTRUCTIONS TO STUDENT

1. This question paper consists of 5 pages with 4 Questions only.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

## **QUESTION 1**

Kwan's Fusion Catering is a business that offers chinese and western fusion catering services for wedding and other occasions. The business was managed by a famous chef, Mrs. Kwan and she starts the catering business at 1 September 2020. Mrs. Kwan hires her son, Terry Kwan, who recently just graduated from Diploma in Accountings at a local university, to manage all the records of the events that occurs every day.

Listed are the events incurred for Kwan's Delicacies Catering in the month:

Date	Details of the events
2020 Sept 1	Mrs. Kwan invested RM10,000 cash into the business.
4	Mrs. Kwan signed an agreement with Mr. Yong to rent his van and shop at RM14,400 per annum. The rental started this month. Received order on catering service to perform on 22nd September on the same day.
10	Bought additional kitchen equipment at RM8,000. Paid 30% and the remaining on account.
14	Ordered the ingredients from Fresh Vege and Meat Berhad at RM1,890 and promised to collect the ingredients on 21 <sup>st</sup> September.
21	Collected the ingredients from Fresh Vege and Meat Berhad and paid in full.
22	Perform the catering service amounted RM3,000 at Ng. Sembilan as ordered earlier and used RM1,680 supplies. The customer promised to pay in 1 <sup>st</sup> October.
28	Paid cash to Mr. Yong for this month's rental on van and shop.
30	Mrs. Kwan paid RM2,400 for the expenses incurred during the month. The expenses included 40% petrol expenses, 30% on utilities and remaining on telephone bills.

### **Required**

Assuming you are Terry Kwan, you are required to:

- Prepare the journal entries for all business transactions that incurred in the month of September 2020. As for none business transactions, state "**NO ENTRY**" in the journal entries. (18 marks)
- Prepare the trial balance at the end of September 2020. (7 marks)

(Total: 25 marks)

## **QUESTION 2**

Doctor PC Center is a business runs by En. Dani that provide repair services for computers and hardware parts. The business closes its account every end of May and the accounts balances for the end of April 2020 are as given on the following page:

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	RM		RM
Bank	13,580	Account payable	19,950
Dani's Capital	29,650	Salaries payable	5,400
Account receivable	23,650	Supplies and parts	1,970
Equipment	14,000	Prepaid insurances	1,800

Below are the transactions incurred in the month of May 2020:

- May 3 Dani purchased supplies and parts amounted RM2,300 and paid online.  
 10 Issue two cheques amounted RM10,400 and settled all salaries payable and remaining on accounts payable.  
 16 Dani received cheques amounted RM11,600 from his debtor and RM5,400 for the sales billed to customer on the same day.  
 25 RM300 insurance and RM1,050 supplies were utilised in May.  
 30 Issued RM5,000 cheque payment. 45% was paid for account payable, 35% on salaries, 7.5% on utilities and 12.5% on workshop rental.

### Required

- (a) Prepare the tabular analysis for the transactions incurred in May 2020 based on the account balance given from April 2020. (14 Marks)
- (b) Prepare the following T-accounts for the month of May 2020.  
 i. Bank Account (5.5 marks)  
 ii. Prepaid insurance (1.5 marks)
- (c) Prepare the Statement of Profit and Loss for the month of May 2020. (4 marks)

(Total: 25 marks)

## QUESTION 3

### Part A

- (a) Briefly define the meaning of “records” and “sufficient records” as stated in Section 245 under Companies Act 2016. (3 marks)
- (b) Provide the **THREE (3)** reasons for establishing accounting standards. (1.5 marks)
- (c) Name the main setting body that develop and issue the accounting standards in Malaysia and state its functions. (1.5 marks)

**Continued...**

**Part B**

Given are the account balances after adjustments extracted from the Celestial Design Sdn. Bhd.'s worksheet in which closes its accounts book on 31 January 2020.

<b>Accounts</b>	<b>(RM)</b>
Cash	11,560
Supplies	8,900
Fixed Deposits	5,800
Furniture and Fittings	24,000
Accumulated Depreciation – Furniture and Fittings	18,000
Freehold Land and Building	180,000
Account Payable	15,334
Note Payable	56,800
Share Capital	100,000
Retained Earnings	33,274
Dividend	10,500
Services Revenue	99,960
Rent Revenue	15,040
Utilities Expense	3,678
Salaries Expense	64,000
Supplies Expenses	12,890
Advertising Expenses	11,000
Insurance Expenses	3,680
Depreciation on Furniture and Fittings	2,400

**Required**

- (a) Journalise the closing entries for the accounts closed at 31 January 2020. (7 marks)
- (b) Post the closing entries in T-account format for:
- Income Summary (5 marks)
  - Retained Earnings (2 marks)
- (c) Prepare the Post-Closing Trial Balance at the end of January 2020. (5 marks)

(Total: 25 marks)

**QUESTION 4****Part A**

Green Peak Hotel Berhad is a newly incorporated hotel business that provides hotel accommodation and tour services in Langkawi. The hotel's accounts manager, Mr. Danish decides to establish two petty cash funds; one fund for accommodation and another for tour services. He decides to establish RM120 petty cash for each of the two funds starting from 1 June 2020 and plan to replenish at the end of each month. He

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assigned Selina to manage the funds and the funds' usage were summarised based on percentage as listed below:

Details	Total (RM)	Accommodation (%)	Tour services (%)
Claims and expenses:			
Petrol	100	10	90
Postages	80	80	20
Stationeries	50	66	34

Additional information:

At the end of June 2020, Selina computed the petty cash balance for both funds. The petty cash fund for accommodation was RM8 and tour services was RM2.

### Required

Based on the above information, prepare the necessarily journal entries for petty cash fund for accommodation establish and replenish for the month of June 2020.

(7 marks)

### Part B

Below are the misstatements discovered in the Effective Marketing Partnership's accounts for the month of November 2020.

No.	Details description
i.	The accounts executive received a cheque amounted RM1,400 from Rex Cinema Berhad, one of the debtor as debt settlement but was wrongly credited into Rex Advertising Berhad, one of the company's creditor account. This misstatement was occurred due to accounts executive's carelessness.
ii.	The accounts supervisor personally made a spot check by physically counted the amount of cash sales received in the safe and discovered that the amount stated by the clerk was understated by RM150 in the cash book. The clerk has been in charge of receiving the cash sales and holds the key to the safe.
iii.	The accounts supervisor received a call from Supplier A mentioned that the cheque paid amounted RM5,000 as debt settlement was bounced out by their bank due to insufficient amount in the bank account. The insufficient was caused by RM4,000 drawing from one of the business partners, Mr. Yong due to personal use and the accounts was updated as payment to Supplier A.
iv.	The accounts clerk received a call from a debtor, Edaran Sumber Berhad mentioned that they already bank in the money online on the service performed a week ago. However, the accounts clerk forgotten to issue the official receipt and the settlement was not updated by the account executive. The accounts executive was not aware until he reconciled to the bank statement and found RM4,800 credited into the bank account.

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v.	An accrued travelling claim from an employee was wrongly stated as RM500 in the account by the accounts executive. The actual travelling claim was RM800 after checked and recomputed by the accounts supervisor. The error occurred was due to miscounting of some bills wrongly attached and recorded as cash purchase on supplies.
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**Required**

- (a) Prepare the adjusting entries for Effective Marketing Consulting Berhad for the month of November 2020. (11 marks)

- (b) Briefly describe the characteristics of proprietorship and corporation using the table below:

No.	Proprietorship	Corporation
i		
ii.		
iii.		

(3 marks)

**Part C**

Based on the scenario below, state which qualitative characteristics, basic principal and assumption of accounting applied or violated. (*Example: Violated going concern assumption*).

- (a) Mr. Rajesh owns two type of business, a trading business selling groceries under the name Rajesh Family Store and a café business. He plans to combine both business and record under the same account book.
- (b) The shop rental was paid at RM1,500 for the three consecutive months starting from January. One third of the rental paid was taken as part of January expenses while the remaining two third was consider as prepaid rental.
- (c) The revenue in the month of July is matched to the expenses occurred in both July and August.
- (d) The company's factory located at Shandong in China was destroyed due to fire incidents and the company managed to claim an insured sum on the following year. The incident and claims are reported in the company's financial statements under the notes to the financial statements.

(4 marks)

(Total: 25 marks)

**End of Paper**